

Message Text

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PAGE 01 NEW DE 12374 161750Z

62

ACTION NEA-16

INFO OCT-01 ISO-00 SWF-02 AID-20 OMB-01 EB-11 AGR-20

COME-00 TRSE-00 CIAE-00 DODE-00 INR-11 NSAE-00 PA-04

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INFO AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

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E.O. 11652: N/A

TAGS: EAGR, IN

SUBJ: INDIAN FOODGRAIN SITUATION

REF: NEW DELHI 11984

SUMMARY: MONSOON ACTIVITY IMPROVED SLIGHTLY FOR THE WEEK ENDING SEPTEMBER 11, AFTER TWO WEEKS OF VERY WEAK ACITVITY. WE CURRENTLY ESTIMATE THAT THIS YEAR'S KHARIF FOODGRAIN CROP MAY FALL IN THE RANGE OF 58-62 MILLION METRIC TONS AS COMPARED TO THE TARGET OF 69 MILLION METRIC TONS. PUBLIC DEMONSTRATIONS AGAINST SHORTAGES AND HIGH PRICES OF FOODGRAINS OCCURRED IN SOME AREAS OF THE COUNTRY. A MAJORITY OF THE STATE CHIEF MINISTERS, IN THEIR MEETING WITH PRIME MINISTER GANDHI LAST SATURDAY, FELT THAT PROCUREMENT PRICES FOR RICE AND COARSE GRAINS SHOULD BE RAISED SUBSTANTIALLY OVER LAST YEAR'S LEVELS. A FINAL DECISION ON THE LEVEL OF PROCUREMENT PRICES WILL BE MADE BY THE LIMITED OFFICIAL USE

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PAGE 02 NEW DE 12374 161750Z

GOI IN THE NEXT FEW WEEKS. END SUMMARY.

1. AFTER TWO WEEKS OF VERY WEAK ACTIVITY, MONSOON RAINS IMPROVED SOMEWHAT DURING THE WEEK ENDING SEPTEMBER 11. THE NUMBER OF WEATHER ZONES RECEIVING NORMAL OR ABOVE-NORMAL RAINFALL INCREASED TO 10 FROM 6 (OUT OF A TOTAL OF 35) IN THE PREVIOUS WEEK. FOR THE WEEK ENDING SEPTEMBER 11, MONSOON ACTIVITY INCREASED OVER SOUTHERN INDIA WITH MOST AREAS RECEIVING NORMAL-TO-HEAVY RAINS. HOWEVER, THE REST OF INDIA, EXCLUDING THE SOUTHERN PART OF WEST BENGAL, REMAINED DEFICIENT IN RAINFALL RANGING FROM 20 PERCENT BELOW NORMAL TO NO PRECIPITATION. CUMULATIVE RAINFALL FROM JUNE 1 TO SEPTEMBER 11 HAS BEEN NORMAL OR ABOVE IN 17 OUT OF 35 WEATHER ZONES.

2. BASED ON CONDITIONS TO DATE, WE CURRENTLY ESTIMATE THIS YEAR'S KHARIF (LARGELY FALL/EARLY WINTER-HARVESTED) FOODGRAIN CROP MAY FALL IN THE RANGE OF 58-62 MILLION METRIC TONS. THIS COMPARES WITH OUR ESTIMATE FOR LAST YEAR'S KHARIF CROP OF 66-67 MILLION TONS AND THE OFFICIAL ESTIMATE FOR THE 1972-73 KHARIF CROP OF 57.2 MILLION TONS. THE ASSISTANT AGRICULTURAL ATTACHE AND THE DIRECTOR OF WHEAT ASSOCIATES HOPE TO TRAVEL TO CERTAIN KEY STATES DURING THE FIRST HALF OF OCTOBER TO OBTAIN ADDITIONAL INFORMATION ON THE LIKELY SIZE OF THIS YEAR'S KHARIF FOODGRAIN CROP.

3. DUE TO THE LACK OF ADEQUATE MONSOON RAINS, MORE EMPHASIS, ESPECIALLY IN PUNJAB, HARYANA, AND WESTERN UTTAR PRADESH, IS BEING PLACED ON THE USE OF TUBEWELLS AND PUMPSETS TO SUPPLY SOME OF THE NEEDED WATER FOR THIS YEAR'S KHARIF CROPS. INCREASED ELECTRICAL POWER IS BEING DIVERTED FROM INDUSTRIAL AND OTHER USES TO AGRI-

CULTURAL FOR IRRIGATION PURPOSES. RUMORS ARE THAT THE NANGAL FERTILIZER PLANT WILL BE CLOSED AGAIN IN ORDER TO SUPPLY ADDITIONAL ELECTRICITY FOR RUNNING TUBEWELLS AND PUMPSETS. THE UNION TERRITORY OF DELHI, WHOSE POWER NEEDS ARE GENERALLY GIVEN PRIORITY, IS CURRENTLY EXPERIENCING SUBSTANTIAL POWER CUTS IN ORDER TO MAKE ADDITIONAL POWER AVAILABLE FOR AGRICULTURE NEEDS IN THE NEIGHBORING STATES OF PUNJAB AND HARYANA.

4. WITH FURTHER DETERIORATION IN KHARIF PRODUCTION PROSPECTS AND GENERAL WORSENING OF THE FOODGRAIN SUPPLY/PRICE POSITION, FOOD AGITATIONS ARE BEGINNING TO APPEAR IN SOME PARTS OF THE COUNTRY. LIMITED OFFICIAL USE

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PAGE 03 NEW DE 12374 161750Z

CONGEN BOMBAY REPORTS THAT ON SEPTEMBER 11, MORE THAN 8,000 WOMEN DEMONSTRATORS IN BOMBAY MADE A PEACEFUL PROTEST AGAINST RISING PRICES AND SHORTAGES OF ESSENTIAL COMMODITIES. MINOR INCIDENTS AND THREATS OF AGITATION AGAINST PUBLIC AND PRIVATE FOODGRAIN WAREHOUSES HAVE BEEN REPORTED IN SOME PARTS OF MADHYA PRADESH. IN RAJASTHAN, A MOB OF FOOD DEMONSTRATORS IN THE DHOLPUR DISTRICT LOOTED A GOVERNMENT OFFICE AND SOME FOODGRAIN SHOPS, NECESSITATING POLICE ACTION IN WHICH SEVERAL PEOPLE ARE

REPORTED TO HAVE BEEN INJURED. THE INDIAN PRESS CONTINUES TO CARRY SCATTERED REPORTS OF STARVATION DEATHS.

5. A MEETING OF THE STATE CHIEF MINISTERS AND FOOD MINISTERS WITH PRIME MINISTER GANDHI AND OTHER HIGH GOI OFFICIALS WAS HELD

LAST SATURDAY TO DISCUSS PROCUREMENT PRICES AND POLICIES FOR THE UPCOMING RICE AND COARSE GRAIN CROPS. MOST STATES, ESPECIALLY SURPLUS ONES, FELT PROCUREMENT PRICES FOR PADDY (UNMILLED RICE) AND COARSE GRAINS SHOULD BE POSSIBLY INCREASED TO RS. 100 PER QUINTAL (APPROX. \$.06 PER LB.).

THIS COMPARES WITH THE AGRICULTURAL PRICE COMMISSION'S RECOMMENDATION OF A MINOR INCREASE TO RS. 74 PER QUINTAL (APPROX. \$.04 PER LB.) FOR PADDY AND NO INCREASE IN COARSE GRAIN PROCUREMENT PRICES FROM LAST YEAR'S RANGE OF APPROXIMATELY RS. 70-72 PER QUINTAL (APPROX. \$.04 PER LB.). THOSE OPPOSING SUBSTANTIAL RISES MENTIONED THE POSSIBLE INFLATIONARY EFFECT OF INCREASED PROCUREMENT PRICES AND LIKELY INCREASED GOVERNMENT ISSUE PRICES. THE LEVEL OF PROCUREMENT PRICES WILL BE DECIDED BY THE UNION CABINET IN A FEW WEEKS. ACCORDING TO PRESENT INDICATIONS, THE GOI WILL LIKELY AGREE TO SOME INCREASE IN PROCUREMENT PRICES, BUT NOT AS MUCH AS THAT DEMANDED BY MOST STATES.

6. ALSO AT THE MEETING, IT WAS DECIDED THAT THE DOMESTIC PROCUREMENT OF RICE BY THE GOVERNMENT WOULD CONTINUE TO BE DONE MAINLY THROUGH A LEVY ON PRODUCERS AND/OR RICE MILLERS. THE STATE CHIEF MINISTERS REJECTED THE APC'S RECOMMENDED 1974-75 RICE AND COARSE GRAIN PROCUREMENT TARGETS OF 5.0 MILLION AND 1.5 MILLION TONS, RESPECTIVELY. THEY STATED THAT THESE TARGETS WERE UNREALISTIC IN VIEW OF THE LIKELY FALL THIS YEAR IN KHARIF PRODUCTION.

7. PRELIMINARY DATA INDICATE FOODGRAIN IMPORTS DURING AUGUST LIMITED OFFICIAL USE

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PAGE 04 NEW DE 12374 161750Z

TOTALED APPROXIMATELY 323,000 METRIC TONS, INCLUDING APPROXIMATELY 131,000 TONS OF US WHEAT; 47,000 TONS OF ARGENTINE WHEAT; 122,000 TONS OF CANADIAN WHEAT; AND 23,000 TONS OF RUSSIAN WHEAT UNDER THE RUSSIAN LOAN AGREEMENT. TO DATE, APPROXIMATELY 1,993,000 TONS OF WHEAT HAVE BEEN IMPORTED UNDER THE TWO MILLION TONS RUSSIAN LOAN AGREEMENT.
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